

of railroad related to the project is certified by the railroad as having carried 5 million gross ton miles of freight or less per mile during the prior year.

"(c)(X) No project shall be provided rail freight assistance under this section unless the line of railroad related to the project is certified by the railroad as having carried more than 20 carloads per mile during the most recent year of operation of service on such line. In a case where the railroad is no longer in existence, the applicant shall provide such information in the manner prescribed by the Secretary. The Secretary may waive the requirement of this paragraph upon a determination that the line of railroad is contractually guaranteed at least 40 carloads per mile for each of the first 2 years of operation if the proposed project is carried out and the Secretary finds that there is a reasonable expectation that such contractual guarantee will be fulfilled.

"(2) No project shall be provided rail freight assistance under this section unless the ratio of benefits to costs for such project, calculated in accordance with the methodology established by the Secretary under subsection (n), is greater than 1.0.

"(d) A State shall use assistance provided under subsection (b) of this section as follows:

Grants. "(1) The State may grant or loan funds to the owner of rail properties or operator of rail service related to the project.

"(2) The State shall determine all financial terms and conditions of a grant or loan, except that the timing of all advances Loans with respect to grants under this subsection shall be in accord-

ance with Department of Treasury Loan regulations.

S. "(3) The State shall place the Federal share of repaid funds in an interest-bearing account or with the approval of the Secretary permit any borrower to place such funds for the benefit and use of the State in a bank which has been designated by the Secretary of the Treasury in accordance with section 10 of the Act of June 11, 1942 (12 U.S.C. 265). The State shall use such funds and all accumulated interest to make further loans or grants under subsection (b) of this section in the same manner and under the same conditions as if

they were originally granted to the State by the Secretary. The State may at any time pay to the Secretary the Federal share of any unused funds and accumulated interest. After the termination of a State's participation in the rail freight assistance program established by this section, such State shall pay the Federal share of any unused funds and accumulated interest to the Secretary.

"(4) The State, to the maximum extent possible, shall encourage the participation of shippers, railroads, and local communities in providing the State share of rail freight assistance funds.

"(e) The Federal share of the costs of any rail freight assistance project shall be 50 percent, except that in the case of assistance provided under subsection (b)(2), the Federal share shall be 70 percent. The State share of the costs may be provided in cash or through any of the following benefits, to the extent that such benefits would not otherwise be provided:

"(1) Forgiveness of taxes imposed on a railroad or on its properties.

"(2) The provision by the State or by any person on behalf of Real property, such State for use in its rail freight assistance program, of real